

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR		X		
4	D/ICS		X		
5	DDI				
6	DDA		X		
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt		X		
13	D/OCA				
14	D/PAO				
15	D/PERS				
16	D/Ex Staff				
17	D/SEO		X		
18					
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22					
SUSPENSE		Date			

Remarks

ER 88-3643/2


Executive Secretary

25 Oct 88
Date

3637 (10-81)

~~SECRET~~

Lia 2-SR

07 OCT 1988

24 October 1988

LOGGED

12 STAFF

25X1

MEMORANDUM FOR THE RECORD

SUBJECT: SEO--Telephone Calls from General Colin Powell and
Secretary George Shultz, 24 October 1988

1. General Powell called to say he had had an early morning conversation with Secretary Shultz, who asked that the passage in his memorandum to the President requesting authority to seek funding through the lines of the Intelligence Community be withdrawn. He said that John Whitehead had returned from Europe and they had had a conversation and he believes that he--Shultz--overestimated the total cost of reconstruction. He wanted authority to go ahead and destroy the remainder of the building and do the architectural engineering work for the new building. General Powell said that he told Secretary Shultz that he had prepared for mailing to him a memorandum following his briefing with "the Boss" to the effect that the President supported the general principle of deconstruction and reconstruction but wanted to hold in abeyance the issue of funding.

2. General Powell reiterated his feeling that we were on dead center with respect to the SEO matter, but agreed with my earlier estimate that it might be well to let Secretary Shultz mull on this matter a little further.

3. Later in the morning, Secretary Shultz called with the same basic information about the Moscow Embassy. He said they had sufficient funding to proceed in a reprogramming way with the deconstruction and reconstruction. He indicated he thought that the basic cost to the State Department would be about half the original estimate, taking into account expenditures normally covered by other agencies for their own work.

4. I told Secretary Shultz that I would support the deconstruction and plans for reconstruction.

William H. Webster

William H. Webster
Director of Central Intelligence

CL BY SIGNER
DECL OADR

~~SECRET~~